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April 30, 1937

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Total national income for the first quarter of 1937 is estimated to have been \$14,445,000,000 as compared with \$14,795,000,000 for the corresponding quarter of 1936—a drop of 2.3 percent. Total income of this percentage rate for the year would bring national income to approximately \$57,400,000,000—down 1.2 percent over 1936. However, the annual rate of national income for the third quarter was only \$14,445,000,000.

The volume of the first quarter percentage rate participating for the entire year has not passed. In the first place, the drop of 2.3 per cent in the first quarter of 1937 shows continuing production and consumption. There's price is production from the higher level that was reached this Federal Reserve Board in March 1937 and it was about 100 per cent. It is said to be the first of 10 per cent drop since the beginning of 1937.

#### A REVIEW OF BUSINESS CONDITIONS Confidential

High production were insignificant during the first quarter of 1937. Some of the progress made during the first quarter of 1937 was the result of the Federal Reserve Board's investigation and the subsequent adjustment of the Federal Reserve Board's policy. The Federal Reserve Board's policy was to reduce the rate of interest on loans to 3 per cent. This policy was to be maintained for the first quarter of 1937.

The 1937 national income for the first quarter of 1937 was only 2 percent above the national income of 1936. This was a result of the drop in production and consumption. The drop in production and consumption was the result of the drop in the rate of interest on loans. The drop in the rate of interest on loans was the result of the Federal Reserve Board's policy. The Federal Reserve Board's policy was to reduce the rate of interest on loans to 3 per cent. This policy was to be maintained for the first quarter of 1937.

Agricultural-Industrial Relations Section

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## A REVIEW OF BUSINESS CONDITIONS

### National Income

Total national income for the first quarter of 1937 is estimated to have been \$16,480,000,000 as compared with \$14,706,000,000 for the corresponding quarter of 1936--a gain of 12 percent. Maintenance of this percentage gain for the year would bring national income to approximately \$70,400,000,000--still 12 percent under 1929. However, the annual rate of national income for the first quarter was only \$65,900,000,000.

The chances of the first quarter percentage gain continuing for the entire year are not good. In the first place, the comparison is with the poorest period of 1936 when industrial production was reacting. Future gains in production from the higher level now attained (118 Federal Reserve Board in March 1937 and 93 last March) will not be as rapid as the rise of 30 percent from March to December of 1936. Also, the increase in Government payments to farmers will not continue to exceed those of 1936 by such a margin as they have thus far in 1937. Such payments were insignificant during the first quarter of 1936 because of the Supreme Court decision invalidating the Agricultural Adjustment Administration, which was handed down early in January. Furthermore, prices received by farmers are not expected to hold at first quarter levels unless new crop prospects become exceedingly poor.

The 65.9 billion dollar annual rate of national income for the first quarter of 1937 was only 5 percent above the national income of 1936. That this amount will be exceeded is practically certain. The carryover effect on income of the expansion in industrial production which has already occurred assures some further gain. Settlement of the major labor disputes should permit reflection of the numerous wage advances of the past 6 months in the nation's wage income. Also the extra dividend disbursements incident to the penalty tax can be expected to again augment the regular flow of income later in the year as it did in 1936. In short, national income for 1937 may be expected to fall within the range of the two figures mentioned--that is, in round numbers, between 66 and 70 billion dollars, or 5 to 12 percent above that of 1936. Should income reach 68 billion dollars (mid-point of this range) this would still be 12 billion dollars below the 1929 income. Reduced to a per capita basis, this would mean about \$530 in 1937 as compared with \$660 in 1929. After adjustment for a 15 percent decline in living costs this would mean real income per capita 94 percent as great as that in 1929.

Industrial production, as measured by the seasonally corrected Federal Reserve Board index, averaged 118 percent of the 1923-3 average during the first quarter of 1937. This represents a one point advance



A REVIEW OF BUSINESS CONDITIONSNational Income

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The chances of the first quarter percentage gain continuing for the entire year are not good. In the first place, the comparison is with the poorest period of 1936 when industrial production was re-acting. Future gains in production from the higher level now attained (the Federal Reserve Board in March 1937 and 35 last March) will not be as rapid as the rise of 30 percent from March to December of 1936. Also, the increase in Government payments to farmers will not continue to exceed those of 1936 by such a margin as they have thus far in 1937. Such payments were insignificant during the first quarter of 1936 be-cause of the Supreme Court decision invalidating the Agricultural Adjustment Administration, which was handed down early in January. Furthermore, prices received by farmers are not expected to hold at first quarter levels unless new crop prospects become exceedingly poor.

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### Non-Agricultural Income

The expansion in non-agricultural income which was resumed in February (the drop from December to January was due to heavy year-end corporate dividend disbursements) continued in March. March income was 89.5 percent of the 1924-9 average as compared with 88.8 percent in February. The month-to-month gain was about the same as the increase in living costs. Real income per capita was 95.7 percent of the 1924-9 average as compared with 95.8 percent in February and 89.9 percent in March of last year. The year-to-year gain in real per capita income amounts to 6.5 percent.

With the most serious of the immediate labor troubles settled and with industrial production continuing to expand, further gains in non-agricultural income are in immediate prospect. Wage rates have been lifted in many industries within the past 6 months and corporate profits to date in 1937 are exceeding those of 1936 by some 32 to 56 percent (Standard Statistics and New York Sun first quarter compilations respectively). Thus both higher wage payments and increased dividends can be expected to contribute toward further gains in non-agricultural income.

### Farm Income

Gross cash farm income was up 28 percent in the first quarter of 1937 as compared with the initial quarter of 1936. The gain of \$443,000,000 for the period was divided 43 and 57 percent respectively as between increased Government payments and higher income from sales.

The 15.6 percent increase in sales income was due entirely to higher prices. Marketings, according to the Department of Commerce index, were 2.1 percent lower than during the first quarter of 1936 but prices received by farmers, weighted according to the monthly index of marketings, averaged 19 percent higher.

Farm prices advanced further in April and were 24 percent higher than a year ago. Marketings of farm products also held up well so that a substantial year-to-year gain in income was, no doubt, still in evidence during April. As the old crop year draws to a close it is logical to expect marketings from the short crops of 1936 to recede relative to marketings a year earlier. This and the apparent passing of the immediate peak in prices suggests smaller gains in farm income in months ahead.

### Industrial Production

Industrial production, as measured by the seasonally corrected Federal Reserve Board index, averaged 116 percent of the 1923-5 average during the first quarter of 1937. This represents a one point advance



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With the most serious of the immediate labor troubles settled and with industrial production continuing to expand, further gains in non-agricultural income are in immediate prospect. Wage rates have been lifted in many industries within the past 8 months and corporate profits to date in 1937 are exceeding those of 1936 by some 32 to 55 percent (Standard Statistics and New York Sun first quarter compilations respectively). Thus both higher wage payments and increased dividends can be expected to contribute toward further gains in non-agricultural income.

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from the average of the December quarter of 1936--the previous high quarter of the current recovery--and completes a full year in which the production index has held above 100. The index averaged 110 for the 12 months ending with March 1937--more than 20 percent in excess of the average for the 12 months immediately preceding.

Weekly indexes of business activity and of production up to April 17 suggest some further increase in the Federal Reserve Board index for April. The March index of 118 was still below the December 1936 peak of 121. Several occurrences of recent weeks suggest the probability of an impending relapse in production later in 1937. Steel buying, which had been at a feverish pitch, has subsided. Orders are now well below those a year earlier, according to trade reports, and delayed deliveries are being requested on some of the orders previously placed. Cotton mills have been able to reduce orders on their books considerably since mid-March. Prices of commodities have weakened somewhat following the sharp gains recorded from October 1936 through March 1937. Stock prices are undergoing the first reaction of consequence in 4 years. Any of these developments would be a signal of caution; together they may be regarded as a warning. It is too early to judge the real significance of this expected relapse in production. It may be another of the short reactions which, up to a year ago, were common to the current recovery period; but there is the possibility of a more pronounced and prolonged recession similar to those of 1924 and 1927 which interrupted the recovery of the 1920's.

A chart which is attached traces the course of industrial production and of real estate activity, both adjusted for trend, from 1870 to date. It will be observed that industrial production, according to this chart, has been approximately at the estimated normal (slightly above) for the past half-year and that real estate activity is still below normal.

Development of the next boom in real estate, assuming that it follows the course visualized by the Real Estate Analyst, Inc. (see attached chart), and the usual cyclical relationship of industrial production and real estate activity permit some rough interpretations as to the probable course to be followed by industrial production over the next 5 to 7 years. From 1850 to date--except for the 1916-18 world war period and that of large railroad construction in the 1880's -- booms in industrial production have always been associated with booms in real estate. Except for the two periods mentioned, production has never exceeded normal by any substantial margin or for an extended period of time except when accompanied by a real estate boom.

On the basis of these observations, it would appear that recovery in production has gone about as far now as should be expected until real estate activity not only reaches normal but enters a period of rapid expansion. This, according to the predictions of the Real Estate Analyst, Inc., will be about 4 years from now. Past performance suggests



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that if this happens a relapse in business might occur in the interim, after which renewed recovery will be accompanied by pronounced real estate activity. The final peak in industrial production usually follows that in real estate activity. Therefore, assuming development of the next real estate boom as visualized by the Real Estate Analyst, Inc., industrial production should not reach its final peak earlier than 1943. A short period from peak to peak in real estate activity might move the crest in production back about two years.

Should recovery extend through 1943 the improving phase of the cycle would be 11 years as compared with 8 for the 1921-9 period. However, it is not unusual for recovery, interrupted only by minor cycles, to extend over a period of 10 to 15 years. Some such periods include: 1820 to 1836; 1843 to 1853; 1861 to 1872; and 1894 to 1906. The recovery which followed 1908 continued into the world war period reaching a peak in 1916, and as previously stated, recovery from 1921 to 1929 required 8 years. The extreme depth of the latest depression is itself suggestive of a relatively long recovery period if production is to be maintained at or above normal for the 5 to 7 years usually spent around this level in the broad economic cycles.

#### The Stock Market

Since the buying and selling of stocks is ordinarily based in large measure on the opinion of individuals as to corporate earning prospects, and since many of the principal buyers and sellers have access to the order books of the companies whose stocks they own, (i.e. corporate officers) it is but natural that movements in the stock market often precede similar movements in productive activity. An example of the forecasting significance of the stock market is the reaction early in 1926 (see attached chart) which was followed by a business recession into 1927. Similarly, the 1923 reaction in stocks preceded the 1924 business relapse.

Speculative fever at times (1929) brings so much uninformed public buying into the market that movements for a few months may entirely ignore prospective change in productive activity. However, a relapse in stock prices such as that of recent weeks is ordinarily a warning signal of an impending let-down in business. The similarity of this movement in stock prices to that of 1926 may be seen by reference to the accompanying chart. The preliminary index plotted on this chart for April was probably too high considering price weakness late in the month.

The recent reaction in industrial stocks amounts to 12 percent according to the Dow-Jones industrial averages. But many popular issues have declined by double this amount as is illustrated below:



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	<u>1937</u> <u>High</u>	<u>Low</u> <u>Apr. 28</u>	<u>Percent</u> <u>Under High</u>
American Can	121	98	19
American Rolling Mill	45	33	27
Anaconda	70	50	29
Chrysler	135	110	19
General Electric	65	50	23
General Motors	79	56	29
Montgomery Ward	69	52	25
Sears Roebuck	95	84	12
U. S. Rubber	72	53	26
U. S. Steel	127	101	20

This is the first reaction of consequence in stock prices since the present recovery got definitely underway in early 1933. Taken together with some relapse in commodity prices and a slowing up in buying in the textile and steel industries, this is suggestive of an early top, probably temporary, to the current expansion in industrial production.

#### Construction

Construction contracts awarded during the first quarter of 1937 exceeded the corresponding month of 1936 by 19.5 percent, according to F. W. Dodge. Should contracts for the last half of April only duplicate those of the first half, the year-to-year gain for 4 months of 1937 would be reduced to 14.6 percent.

Doubling the dollar amount of contracts awarded during the first 15 days of April and comparing with April 1936 gives the following changes:

All types, 3 percent gain  
Residential, 56 percent gain  
All other, 18 percent loss

The increase in residential for the first quarter amounted to 87 percent while contracts awarded for other types just equaled those of the first quarter of 1936.

It is evident that the gain in construction during 1937 will not be as great as the 45 percent improvement recorded in 1936. This will tend to hold the steel industry, which has recently reached new peaks in output, back somewhat; especially since the types of construction other than residential are lagging. Building was second only to the automobile industry in the amount of steel used in 1936. An offset to the prospective smaller increase in building steel for 1937 is the continued improvement in railroad demand for steel, which gives promise of holding throughout the year, perhaps longer. Railroads were third in the amount of steel used in 1936, but may be second only to automobiles this year.



Year	Low	Year
1957	1958	1959
100	100	100
95	95	95
90	90	90
85	85	85
80	80	80
75	75	75
70	70	70
65	65	65
60	60	60
55	55	55
50	50	50
45	45	45
40	40	40
35	35	35
30	30	30
25	25	25
20	20	20
15	15	15
10	10	10
5	5	5
0	0	0

This is the first revision of construction in steel yards since the present revision was published in early 1957. It shows that steel yards have been in a steady decline since 1950, and a sharp drop in output in the first half of 1958. This is a significant drop in output, particularly in the first half of 1958, when the output was at its lowest.

#### Construction

Construction contracts awarded during the first quarter of 1957 exceeded the corresponding month of 1956 by 14.4 percent, according to R. W. Dwyer. This compares with the first half of 1956 when only a slight rise in the first half, the year-to-date total for a number of 1957 would be reduced to 14.4 percent.

During the first quarter of construction contracts awarded the first 15 days of April and completed with April 1957 given the following figures:

All types, 14 percent gain  
Residential, 14 percent gain  
All other, 14 percent gain

The increase in residential for the first quarter amounted to 14 percent, while construction for other types was at 14 percent of the first quarter of 1957.

It is noted that the gain in construction during 1957 will not be as great as the 48 percent increase recorded in 1956. This will be due to the fact that the steel industry, which has recently received new orders in 1957, has recently experienced a sharp drop in output. This is due to the fact that the steel industry has been experiencing a sharp drop in output since the first half of 1958. This is a significant drop in output, particularly in the first half of 1958, when the output was at its lowest. The steel industry has been experiencing a sharp drop in output since the first half of 1958. This is a significant drop in output, particularly in the first half of 1958, when the output was at its lowest.



### The Railroads as a Recovery Factor

The first profits of consequence since 1931 were reported by the transportation industry in 1936. Monthly reports show that Class I railroads earned about \$178,000,000 in 1936 as compared with only \$7,500,000 in 1935. Deficits aggregated \$261,000,000 during the three years 1932 to 1934. Income for 1936 was still pretty small compared with that reported for the year 1929 and 1930 when net profits of the Class I roads amounted to 897 and 524 million dollars respectively.

#### Railway Operating Results (Million Dollars)

<u>Oper. Revenues &amp; Income, Class I Roads</u>				<u>Railway Net Profits</u>	
<u>Opr. Rev.</u>	<u>Net Opr. Rev.</u>	<u>Net Ry. Opr. Income</u>		<u>Class I Roads (Includes Duplications)</u>	<u>All Roads (Excludes Duplications)</u>
1929	6,278	1,773	1,252	897	861
1930	5,280	1,350	869	524	465
1931	4,187	965	526	135	75
1932	3,125	723	326	139(d)	164(d)
1933	3,094	846	474	5.8(d)	13(d)
1934	3,270	833	463	17(d)	20(d)
1935	3,451	859	500	7.5	11
1936	4,053	1,121	667	178(e)	No report
First two months:					
1936	599	132	69	20(d)	
1937	654	156	76	10(d)	

(d) Deficit

(e) Estimated on basis of monthly Interstate Commerce Commission reports, the content of which differ somewhat from the content of the annual report.

Operating results at the start of 1937 show continued improvement. Net railway operating income totaled 76 million dollars in January and February 1937--a gain of 10 percent over the 69 million for the corresponding period a year earlier. Despite elimination of emergency freight rates, net deficit after fixed charges and expenses amounting to \$10,325,000 was only 53 percent as great for the two months as the \$19,588,000 deficit reported in 1936.

The recent improvement in railway operating results has been accompanied by substantial increases in purchase of equipment and rails



Operating Results of the Railroad

The first results of consequence since 1931 were reported by the Transportation Ministry in 1936. Monthly reports show that Class I railways earned about \$15,000,000 in 1936 as compared with only \$7,000,000 in 1935. Net operating income was \$11,000,000 during the same period. Income for 1936 was still greatly exceeded by the year 1937 for the year 1937 and 1938 was not profitable at all. Class I roads continued to report the same results respectively.

Railway Operating Results  
(Million Dollars)

Railway Operating Results		Operating Results, Class I Roads		Operating Results, Class II Roads	
Class I		Class I		Class II	
Operating Income		Operating Income		Operating Income	
1937		1936		1935	
11	7.5	800	474	10	10
20	17	463	474	10	10
13	5.8	474	474	10	10
14	13	474	474	10	10
75	136	528	528	10	10
425	425	528	528	10	10
551	551	528	528	10	10

(a) Estimated on basis of monthly information received from the railways.  
(b) The content of which differs somewhat from the content of the annual report.

Operating results at the end of 1937 are as follows: The railway operating income totaled 76 million dollars in 1937 and 1938. This is a gain of 10 percent over the 66 million for the corresponding period a year earlier. Despite elimination of operating losses, net deficit after fixed charges and expenses amounted to \$15,000,000 was only 48 percent of the loss for the year 1936 as the \$15,000,000 deficit reported in 1936.

The losses incurred in railway operating results are being accounted for by substantial increases in payments of subsidies and relief.



as well as in maintenance expenditures. Equipment buying turned sharply upward late in 1935 and has continued to expand until unfilled orders for 44,708 freight cars reported for March of this year were the heaviest in 11 years, since February 1926. Unfilled orders in March 1936 amounted to 13,478 while two years ago there were only 694 freight cars on order.

The following tabulation gives a picture of the 1929 to 1933 decline and of the current recovery in railway purchases of rolling stock and of steel rails.

Railway Equipment Order and Rail Production

	New Orders - Number			Track Work Steel Ship- ments (000 short tons)	Steel Rail Produc- tion (000 long tons)	Expenditures by Class I Roads for:	
	Freight Cars	Passenger Cars	Loco- motives			Equipment and Roadway (Million)	Maintenance (Million)
1929	111,218	2,303	1,212	162	2,722	\$ 854	\$ 2,058
1930	46,360	667	440	110	1,872	873	1,814
1931	10,880	11	235	61	1,158	362	1,348
1932	1,968	39	12	27	403	167	970
1933	1,685	6	42	31	416	104	921
1934	24,611	388	183	49	1,010	213	1,003
1935	18,699	91	87	42	712	188	1,076
1936	67,544	307	553	68	1,220	299	1,238
1st quarter:	percentage of rolling stock and recent year:						
1936 as by	8,913	37	73	14	-----	-----	-----
1937	27,613	386	108	26	-----	---	-----

Despite the resumption of large scale equipment buying by the railroads, surplus of freight cars is getting dangerously low. There has been no car shortage of consequence since that of the 1922-1923 period (see attached chart) but reported surpluses have persistently declined from a monthly average of about 700,000 in 1932 to 113,000 in February and March of this year. Ordinarily, freight car surplus is lowest (or shortage greatest) in September and October. This is the period of heavy farm marketings and is also the season when industrial production usually reaches its fall peak.

During the 1924-9 period an average of 30 percent of the year's farm marketings and 17 percent of industrial production fell in the two months September and October. During this same period, 1924-29, the freight car surplus averaged 166,000 cars less in September and







October than in March. Any such decline in 1937 would necessarily result in serious freight car shortages.

Whether or not shortages will actually occur during the coming fall will depend on several factors; principally the size of the to-market-movement of farm products and the rate of industrial activity, but to some extent on the installation of new equipment during the intervening months.

Since 1930 freight car retirements have greatly exceeded installations with the result that the number of cars in service and their capacity has declined sharply as shown below:

(Class I Roads)

<u>Freight Cars</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u> <u>Ests.</u>
Installed (000)	81	15	9	6	31	19	60
Retired (000)	82	83	69	117	129	122	130
In Service (000)	2,277	2,201	2,145	2,035	1,938	1,835	1,765
Capacity (Mil.Tons)	106	103	101	97	93	89	84

The capacity of cars in service was about 16 percent lower in 1936 than in 1923 (the last year of shortages) and industrial production about 4 percent higher. Of course, the percent of freight carried by trucks has increased since 1923, and 1936 agricultural marketings were 16 percent lower than in 1923. Furthermore, the handling of rolling stock has become much more efficient in the intervening years.

Heavy purchases of rolling stock and recent imposition of rentals by the roads to force early unloading and prevent freight car concentration along the eastern seaboard show that the railway managements are attempting to make the best of what appears to be a dangerous situation.

If serious freight car shortages appear this fall some wide wholesale price movements may be expected as buyers compete for early delivery of goods. Prices of commodities other than farm products and foods rose sharply in the periods preceding the serious car shortages of 1919-20 and of 1922-3 and the slumps which followed were concurrent with reactions in industrial activity.

The railroads are furnishing considerable business for the steel and equipment industries and thus contributing to economic recovery, but if shipping facilities are allowed to become inadequate there will be danger of a building up of speculative inventories and a subsequent slump in industrial production.



October 1934 in 1935. By such action in 1935 would necessarily be  
this is a serious threat to the country.

Whether or not the country will actually begin to rise the country  
will depend on several factors; principally the size of the 60-  
percent movement of the products and the rate of industrial activity.  
But to some extent on the installation of the equipment during the  
following months.

These 1935 freight car requirements have greatly exceeded the  
installations with the result that the number of cars in service and  
their capacity has declined sharply as shown below:

(Class I Roads)

Year	1930	1931	1932	1933	1934	1935	1936
Installed (000)	81	15	15	8	21	13	80
Retired (000)	42	42	40	117	133	133	133
In Service (000)	3,377	2,301	2,146	2,032	1,708	1,428	1,428
Capacity (Mil.Tons)	106	103	101	97	93	89	84

The capacity of cars in service has been 15 percent lower in  
1935 than in 1933 (the last year of shortage) and 1936 is 15-  
16 percent lower than 1933. It occurs, the amount of freight  
carried by roads has increased since 1933, and 1935 a substantial amount  
has been 15 percent lower than in 1933. Furthermore, the handling  
of rolling stock has become much more efficient in the following  
years.

Heavy purchases of rolling stock and recent installation of  
equipment by the roads to force early unloading and prevent freight  
car accumulation along the routes combined with the railway  
management are attempting to make the best of what appears to be a  
definite situation.

It remains freight car shortage which will cause some  
difficulties. These movements may be expected as heavy freight cars  
only delivery of goods. Indeed, it is estimated that from 1933  
and 1934 the amount in the country increased by 10 percent and 15 percent  
of 1933-34 and of 1933-34 and the amount which followed were somewhat  
also resulting in industrial activity.

The 1935 freight car shortage will cause some difficulties for the steel  
and equipment industries and thus contributing to economic recovery.  
But if the steel industry was allowed to become inactive there will  
be danger of a decline in the steel industry and a consequent  
slump in industrial production.



# Commodity Prices and Living Costs

Wholesale prices for some groups of commodities--notably metals and grains--have reacted considerably from the peak of the five month general advance from November 1, 1936 to April 5, 1937. The beginning of the reaction followed by only 4 days President Roosevelt's first public warning, of April 2nd, concerning development of unhealthy production and price situations. The New York Journal of Commerce daily wholesale price indexes (December 30, 1933=100) are used below to illustrate the extent of the current reaction and of the preceding advance in prices:

	<u>Nov. 1, 1936</u>	<u>April 5, 1937</u>	<u>April 28, 1937</u>
Composite	142.6	177.6	167.3
Grains	159.7	195.3	186.7
Food	137.0	145.5	146.1
Textiles	109.3	133.0	126.3
Metals	110.8	172.7	150.3

The reaction in prices is, no doubt, an important factor in the recent reduction in forward buying of textiles, steel and non-ferrous metals which was apparently becoming so great as to endanger orderly improvement in business.

Living costs advanced further in March and were up 4.2 percent from a year earlier. The year-to-year gain in food costs amounted to 7.4 percent whereas all other items were 2.7 percent higher. Since food accounts for about one-third of the urban worker's budget, somewhat more than half of the gain in living costs has been due to higher food prices. The rise in living costs from February to March was slightly in excess of the month-to-month gain in per capita non-agricultural income.

The current relapse in wholesale prices together with the probability of more liberal domestic farm marketings later, when 1937 production begins to move, is suggestive of at least a slowing up of the increase in living costs within the next few months.



Domestic Prices and Living Costs

Domestic prices for some groups of commodities--notably cereals and textiles--have remained considerably from the peak of the war. General statistics from December 1, 1945 to April 1, 1947, the period of the recession followed by only a brief period of recovery, show a decline in prices of April 1947, accompanied by a decline in the volume of production and price stability. The war time period of domestic daily wholesale prices (December 31, 1945-1946) are used here to illustrate the extent of the current recession and of the preceding advance in prices:

	<u>April 1, 1947</u>	<u>April 1, 1946</u>	<u>April 1, 1945</u>
Commodities	141.8	137.8	141.8
Grains	139.7	136.8	139.7
Food	137.0	134.5	137.0
Textiles	108.3	105.0	108.3
Metals	110.8	107.7	110.8

The recession in prices is, as noted, an important factor in the rapid reduction in demand for many commodities, steel and non-ferrous metals which was apparently becoming so great as to endanger orderly development in business.

Living costs advanced further in March and were up 4.2 percent from a year earlier. The year-to-date gain in March costs amounted to 7.8 percent whereas all other items were 2.7 percent higher. March food accounts for about one-third of the March index's advance, accounting more than half of the gain in living costs has been due to higher food prices. The rise in living costs from February to March was slightly in excess of the month-to-month gain in per capita manufacturing output.

The current advance in wholesale prices together with the possibility of more sharply increased food expenditures later, when living conditions begin to ease, is suggestive of at least a sliding up of the business in living costs within the next few months.



# BUSINESS INDICATORS

	Key	March 1937(P)	February 1937(r)	March 1936	March 1933	March 1929
Farm Income (with bene- fits) (1)	a	\$ 803	\$ 651	\$ 589	\$ 324	\$ 870
Urban Income (with relief) (1)	a	\$4,966	\$4,926	\$4,523	\$3,231	\$5,887
Industrial Activity						
F.R.B. (1)	b	118	116	93	59	118
Department Store Sales (1)	c	83	86	76	53	102
Rural Retail Sales (1)	c	101	83	86	38	111
Motor Vehicle Output (Units) (U.S. & Canada)	d	519	384	439	122	626
New Passenger Car Regis- trations (Units)	d	365(E)	215	301	79	378
Dollar Sales, New Passen- ger Autos (1)	c	85.0	96.8	70.1	21.2	106.5
Steel Ingot Production (Tons)	d	5,229	4,425	3,343	898	5,068
Building Contracts (Dodge)	a	231	188	199	60	485
Railway Carloadings (2)	d	751	695	605	460	960
Electric Power Production: (K.W. Hr.) (2)	a	2,206	2,205	1,881	1,400	1,688
Wholesale Prices, All Commodities	f	128.2	126.1	116.3	87.9	140.3
Wholesale Prices, Farm	f	132.0	128.2	107.3	60.0	150.4
Wholesale Prices, Food	f	135.6	134.8	124.1	84.7	152.4
Wholesale Prices, Non-Agr:	f	127.2	125.2	118.2	94.0	138.2
Prices Paid by Farmers	f	134(6)	132(7)	121(5)	101(4)	154(3)
Prices Rec'd. by Farmers	f	130(6)	128(7)	105(5)	58(4)	144(3)
Urban Cost of Living	b	83.9	83.3	80.5	73.3	98.7
U.S. Unemployment, Trade Unions (A.F. of L.)	c	121(6)	133(7)	184(5)	318(4)	96(3)
U.S. Employment, Mfg. Industries (B.L.S.)	c	96.5	94.6	84.0	58.8	99.4
U. S. Exports	a	256	233	195	108	490
U. S. Imports	a	307	278	199	95	384

(E) Partly estimated.

P - Preliminary

r - Revised

(1) Adjusted for seasonal variation

(2) Weekly average

(3) April 1929

(4) April 1933

(5) April 1936

(6) April 1937

(7) March 1937

## KEY:

a - in millions

b - 1923-25=100

c - 1929=100

d - in thousands

f - 1910-14=100



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1

Year	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	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1. The first part of the paper is devoted to a review of the literature on the topic of the role of the state in the development of the economy.

*Journal of Management Education* 30(6)p. 789-804

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THE UNIVERSITY OF CHICAGO

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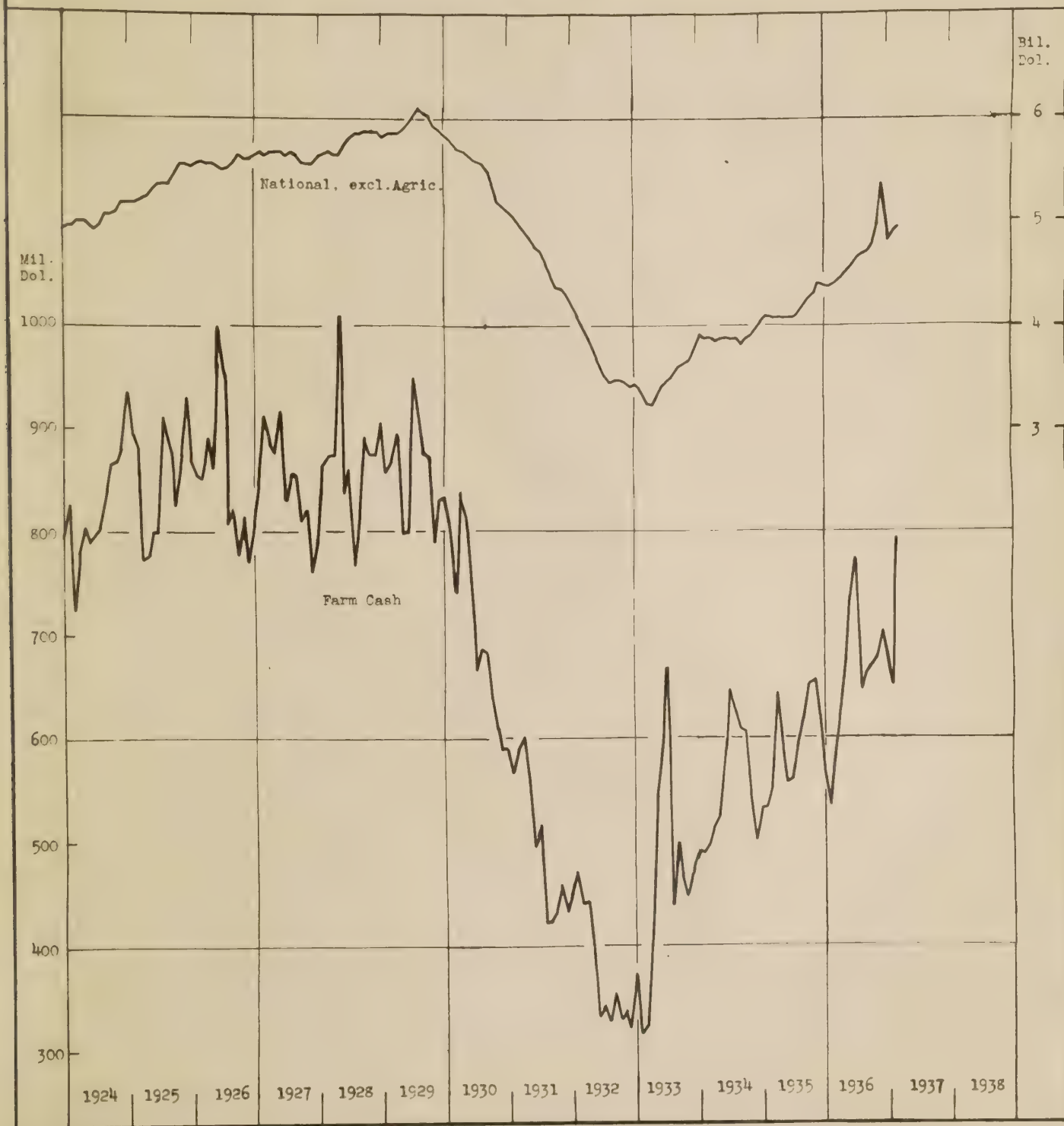
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NATIONAL INCOME, EXCLUSIVE OF AGRICULTURAL AND FARM CASH INCOME, 1924 TO DATE  
(Dollar figures seasonally corrected)

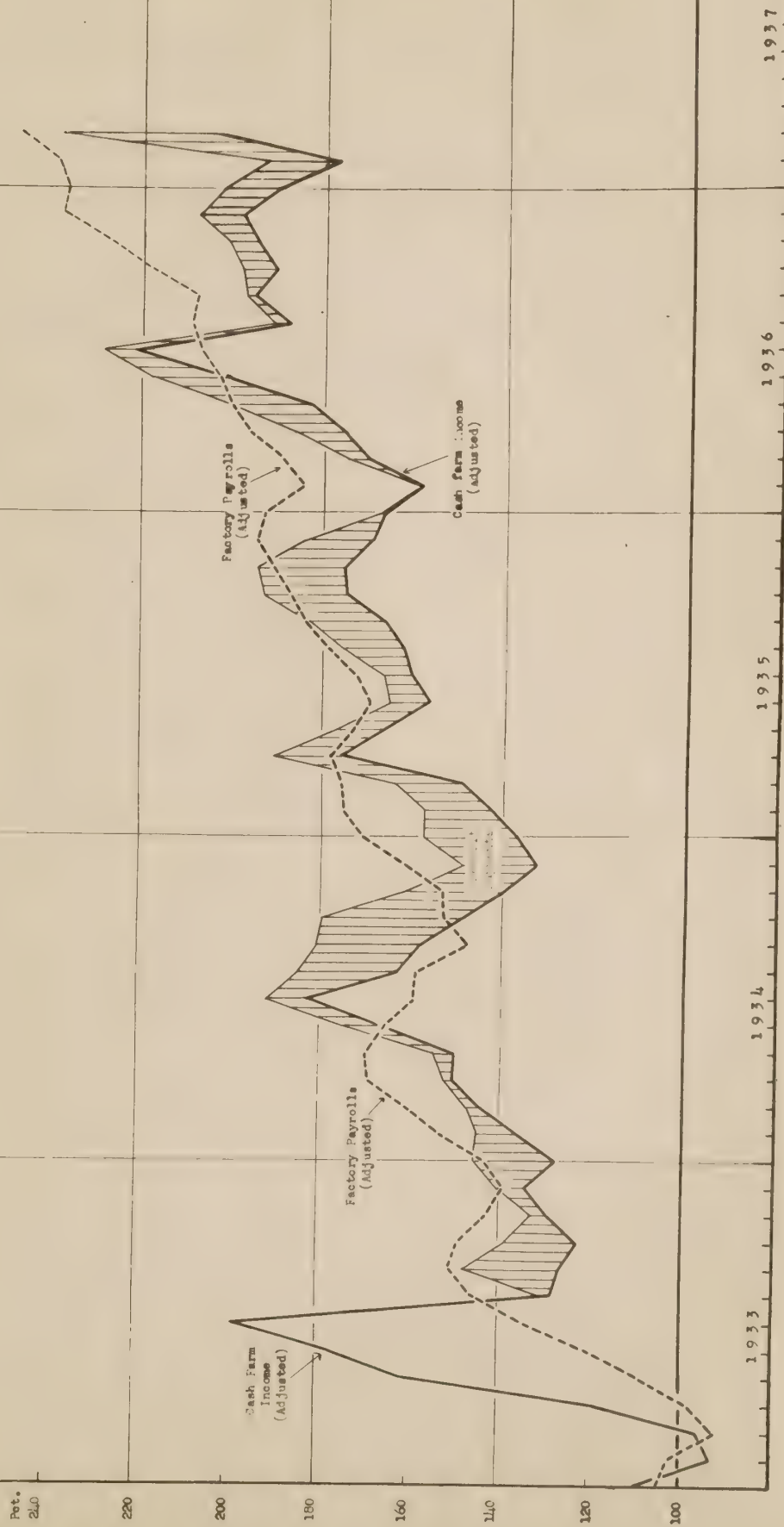








# FARM INCOME AND FACTORY PAYROLLS SINCE JANUARY 1933 (First Quarter 1933=100)



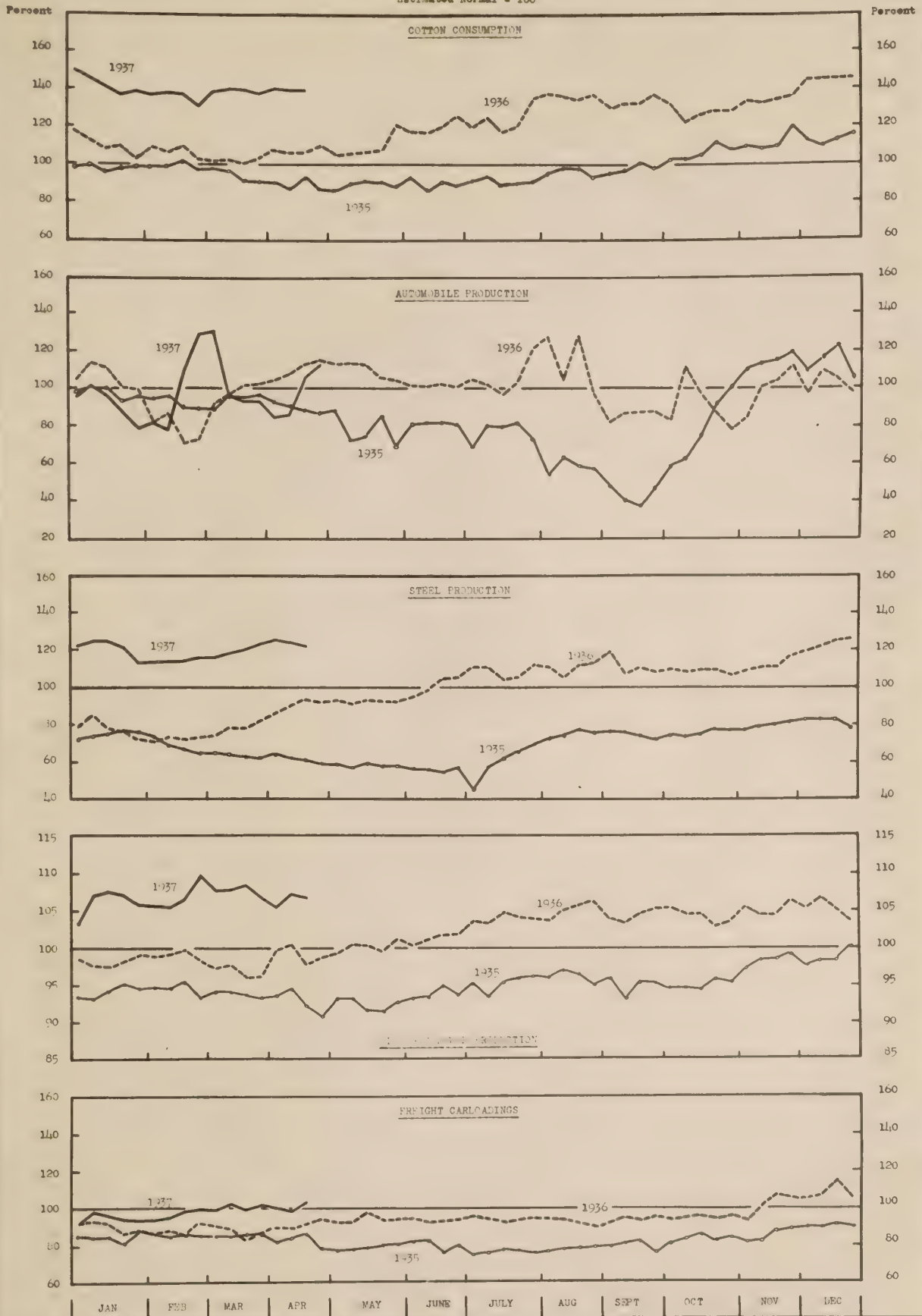






# WEEKLY BUSINESS INDICATORS

Adjusted for Seasonal Variation  
Estimated Normal = 100



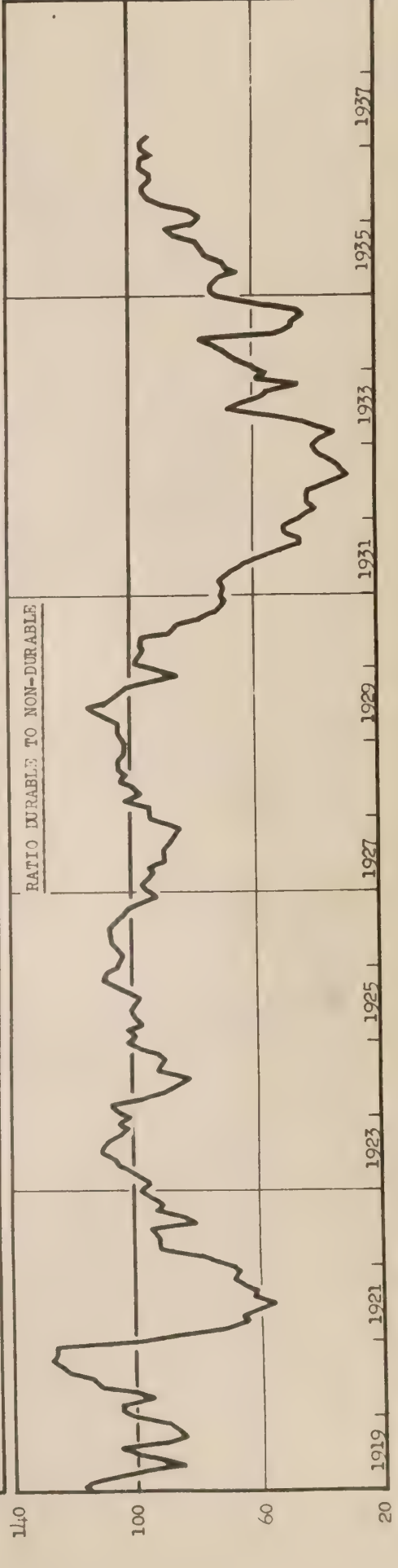
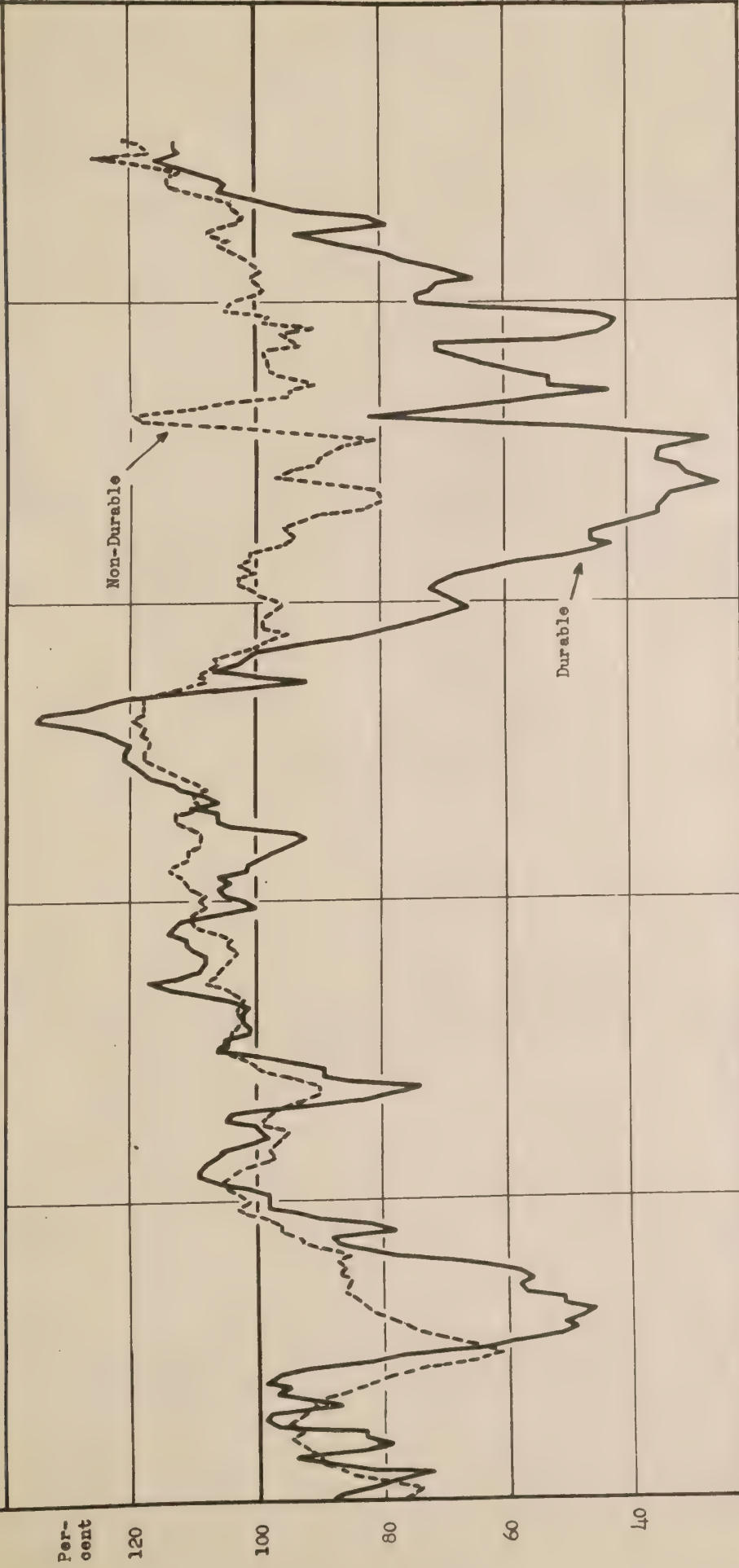
Source: New York Times





FACTORY PRODUCTION OF DURABLE AND NON-DURABLE GOODS,  
AND RATIO OF FORMER TO LATTER, 1919-37

Adjusted for Seasonal Variation (1923-25=100)

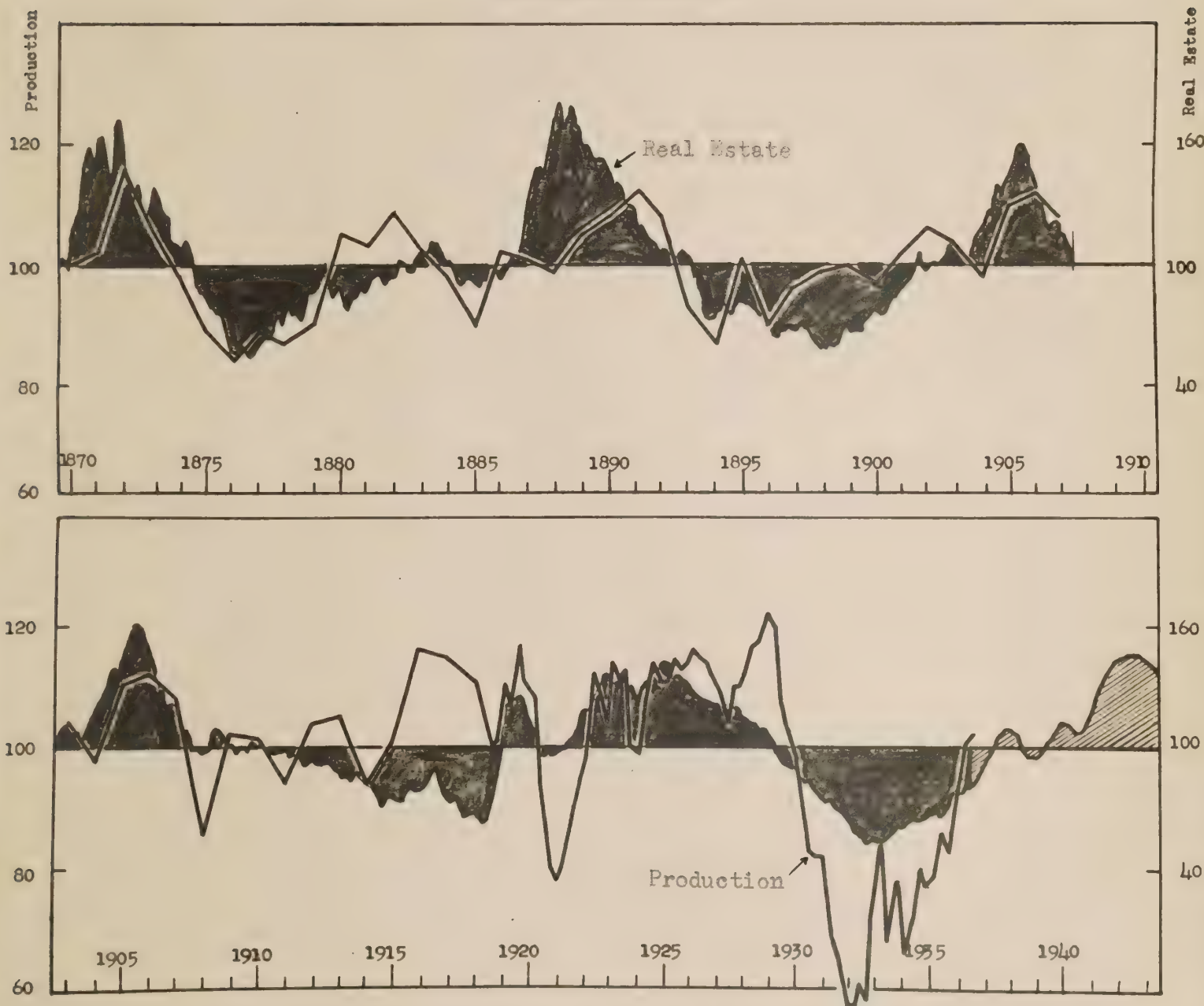






# INDUSTRIAL PRODUCTION AND REAL ESTATE ACTIVITY 1870 TO DATE

(Index Numbers--Normal=100)



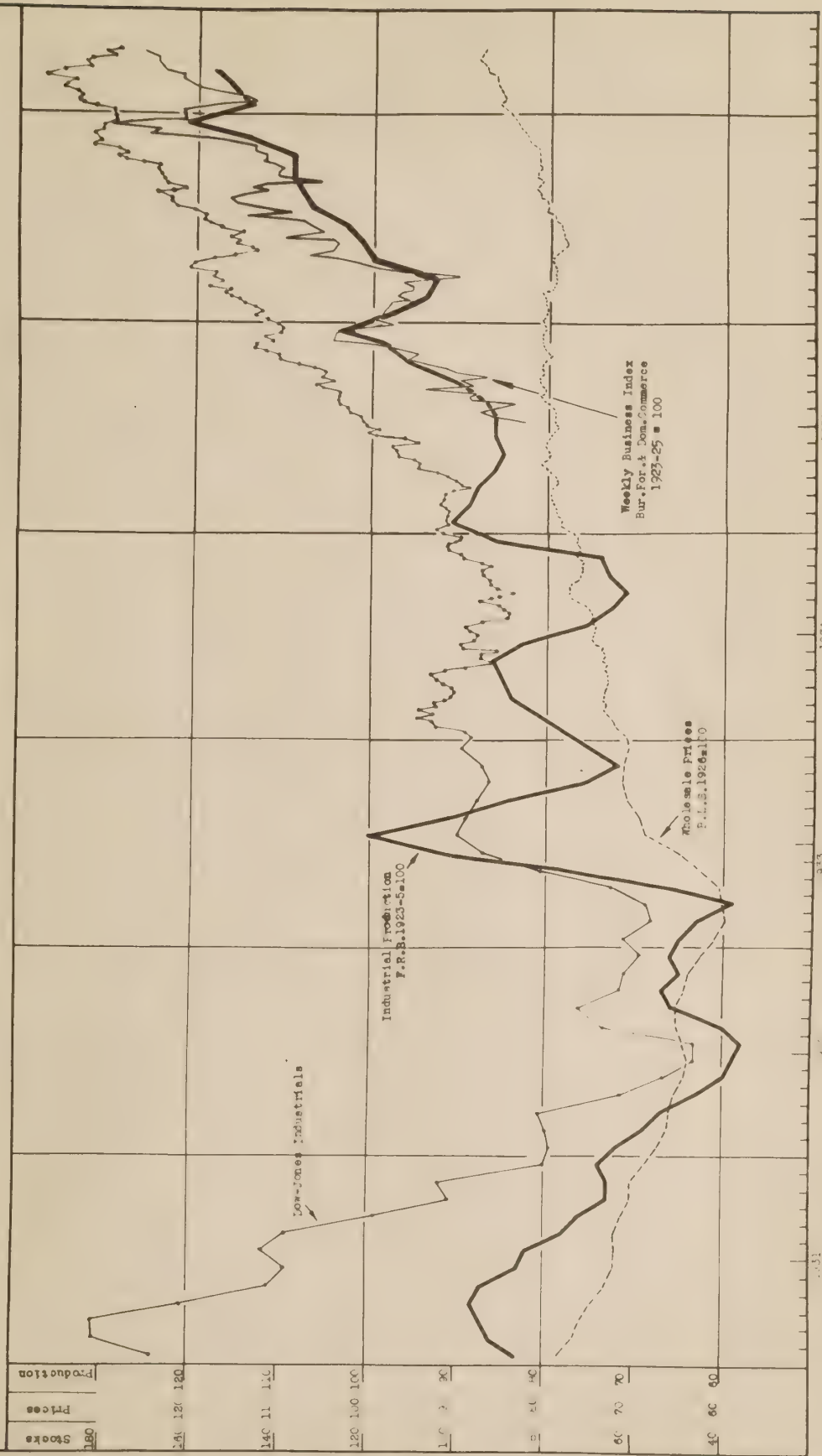
Sources: Real Estate Activity: Monthly indexes from the Real Estate Analyst. The indexes beyond early 1937 represent expectations on basis of previous cycles.  
Industrial Production: Federal Reserve Board monthly indexes by quarters from 1919, adjusted for trend. Prior to 1919 based on Person's annual indexes of production of minerals and manufactures, adjusted for trend.





# PRODUCTION AND PRICES

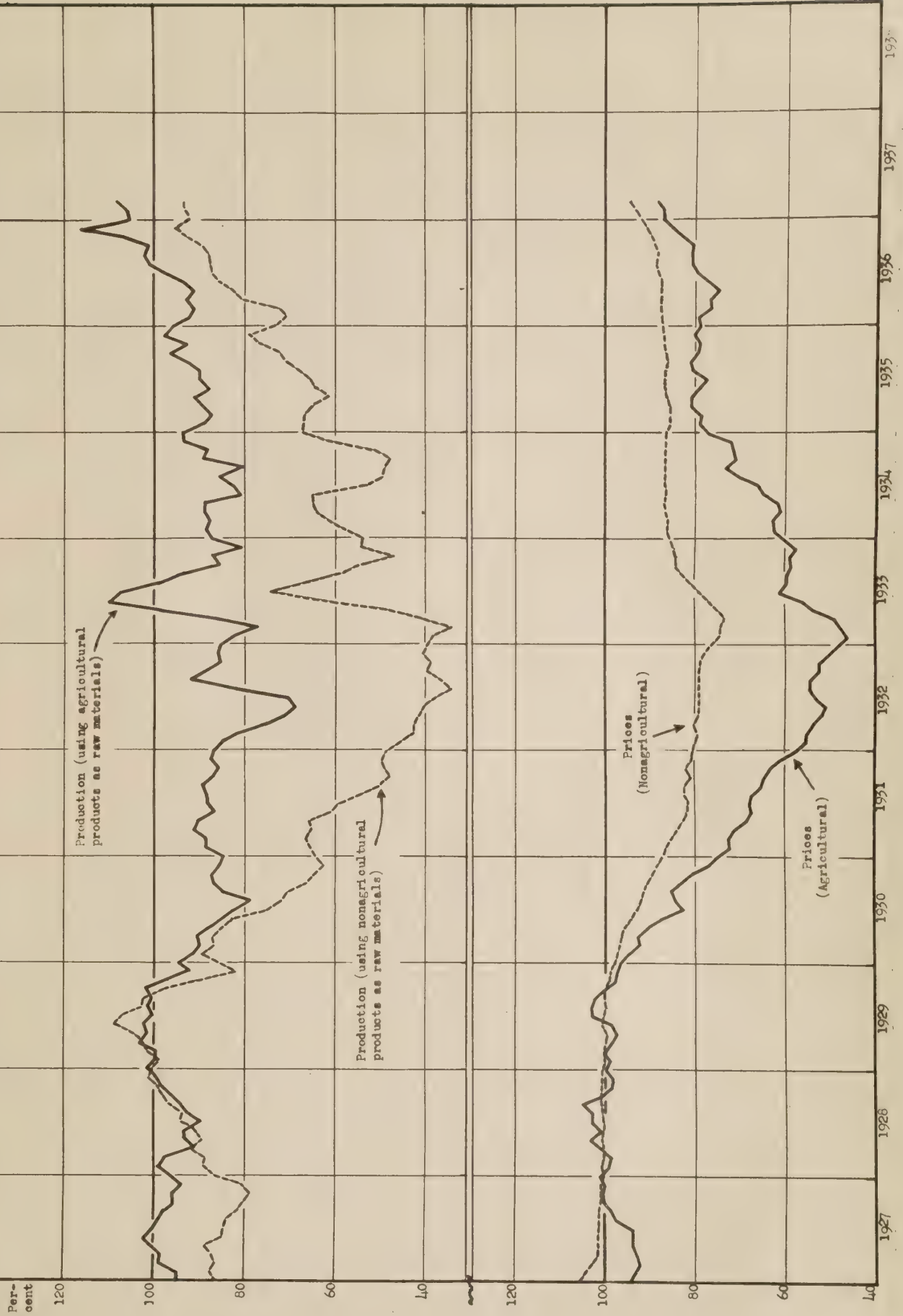
(Industrial Production, Stock and Commodity Prices)







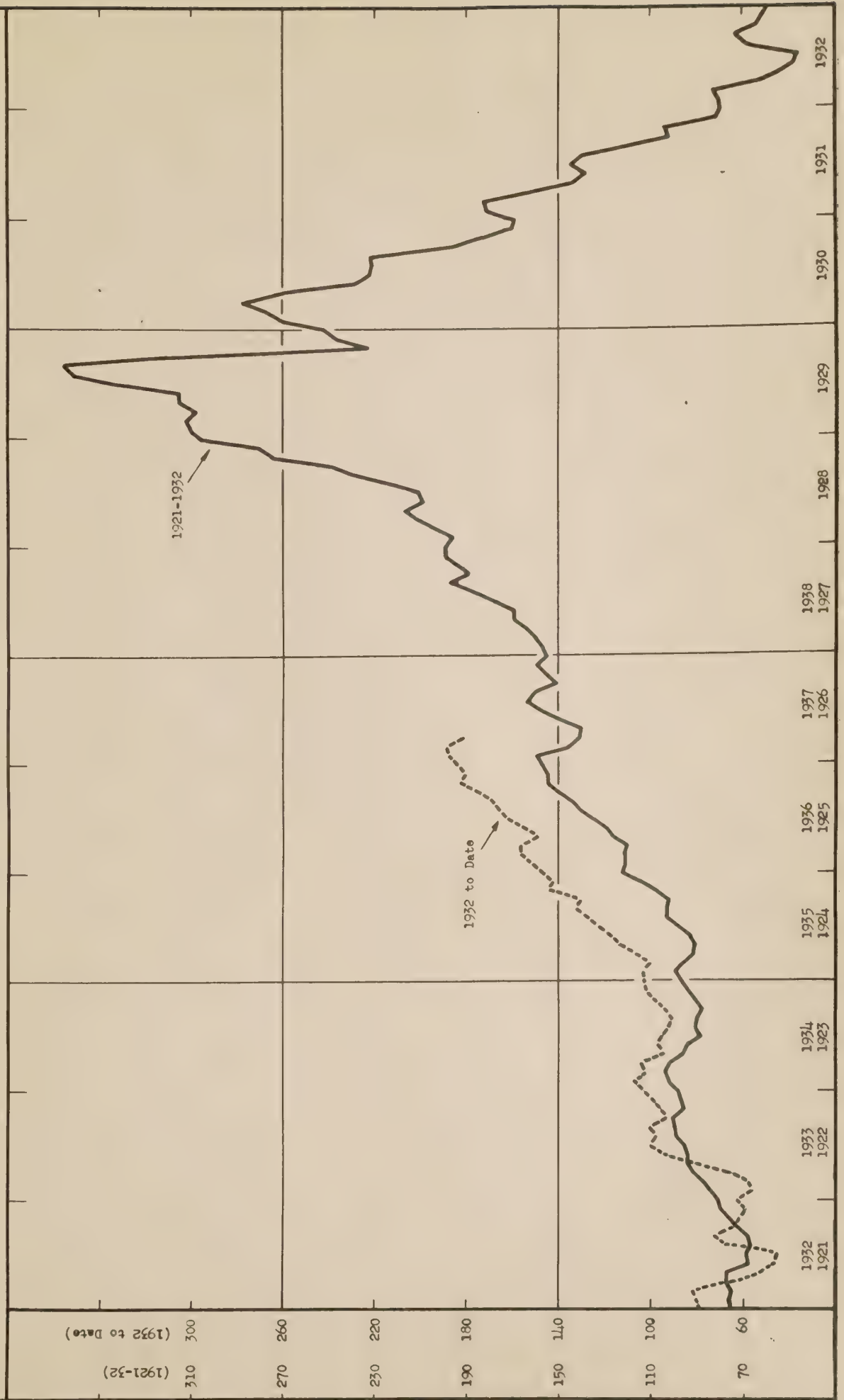
MANUFACTURING OUTPUT AND WHOLESALE PRICES  
1929=100







INDUSTRIAL STOCK PRICES 1921 TO DATE  
(Dow Jones Averages - Dollars per Share)

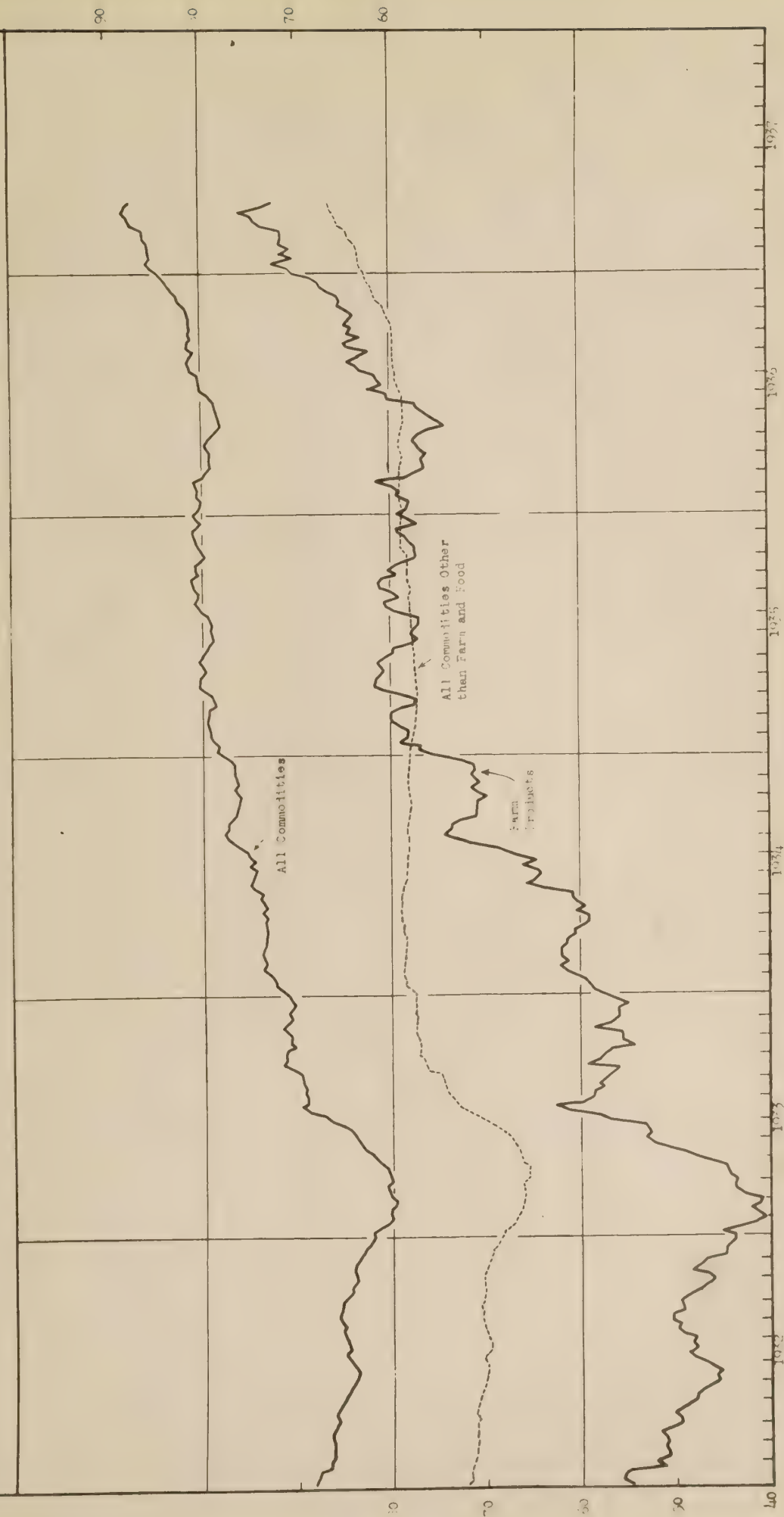






WEEKLY WHOLESALE COMMODITY PRICES

1926 = 100







INDEXES OF COST OF LIVING, 1919-36  
1924-29=100

Percent

140

130

120

110

100

90

80

70

60

50

1919

1922

1925

1928

1931

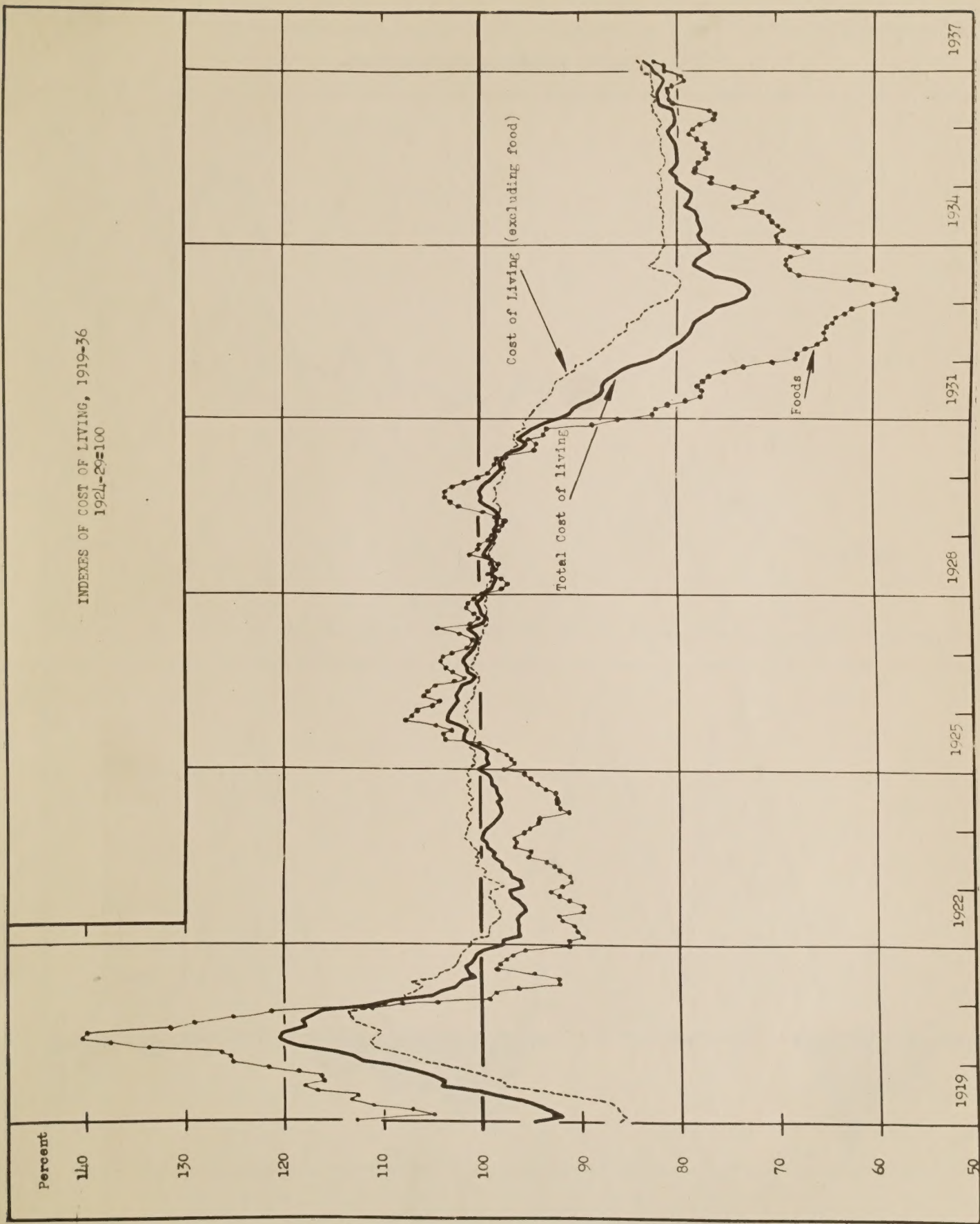
1934

1937

Cost of Living (excluding food)

Total Cost of Living

Foods







FREIGHT CAR SURPLUSES AND SHORTAGES, 1918-1923 AND 1932 TO DATE

